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Mr. Walsh

THE Fats and Oils SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

FOS-38 BAE APRIL 16, 1940

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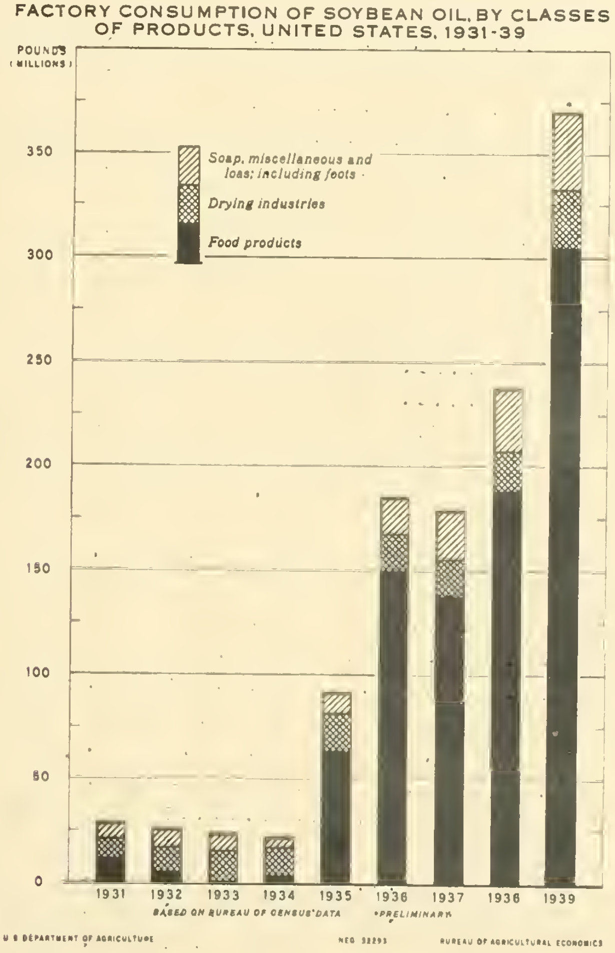
OUTLOOK FOR DOMESTIC OILSEEDS

FACTORY CONSUMPTION OF FATS AND OILS, 1939



BEFORE 1935, SOYBEAN OIL WAS USED PRINCIPALLY IN PAINTS AND VARNISHES IN THE UNITED STATES. ALTHOUGH THE QUANTITY USED IN THIS FIELD HAS INCREASED SOMEWHAT WITH THE SHARP INCREASE IN DOMESTIC PRODUCTION THAT HAS SINCE OCCURRED, SOYBEAN OIL IN RECENT YEARS HAS BEEN USED LARGELY IN FOOD PRODUCTS. IN 1939, FOOD USES ACCOUNTED FOR MORE THAN 80 PERCENT OF THE TOTAL FACTORY CONSUMPTION, DRYING USES FOR LESS THAN 10 PERCENT.

Table 1.- Price per pound of specified fats and oils, and oil-bearing materials, March 1938 and 1939, and January-March 1940

Item	Mar.		1940		
	1938	1939	Jan.	Feb.	Mar.1/
Fats and oils:	Cents	Cents	Cents	Cents	Cents
Butter, 92-score, Chicago	29.3	23.7	30.8	29.0	28.0
Oleomargarine, dom. veg., Chicago	15.1	14.5	15.0	15.0	15.0
Lard, prime steam, Chicago	8.8	6.5	6.0	6.1	5.8
Lard, refined, tubs, Chicago	10.0	7.5	6.8	6.7	6.5
Compounds(animal and veg.cooking fats),Chicago	10.2	9.2	9.5	9.5	9.6
Oleo oil, extra, tierces, Chicago	8.6	7.8	7.2	7.2	7.1
Oleostearine, bbls., N. Y.	7.6	6.6	6.8	6.4	6.3
Corn oil, crude, tanks, f.o.b. mills	7.7	6.0	6.0	6.1	6.1
Corn oil, refined, bbls., N. Y.	10.2	8.9	8.6	8.6	8.8
Cottonseed oil, crude, tanks, f.o.b. S.E. mills	7.0	5.8	5.9	6.0	5.9
Cottonseed oil, p.s.y.,tank cars, N. Y.	8.2	6.9	6.9	6.9	6.7
Peanut oil, crude, tanks, f.o.b. mills	7.3	5.9	6.7	6.9	6.6
Peanut oil, dom. refined, bbls., N. Y.	10.2	9.1	9.6	9.6	9.6
Soybean oil,crude, tank cars,midwestern mills	6.4	4.9	5.3	5.4	5.7
Soybean oil, refined, drums, N. Y.	9.2	7.5	8.2	8.3	8.4
Babassu oil, tanks, N. Y.	6.7	6.1	6.5	6.3	6.2
Coconut oil,crude,tanks,f.o.b.Pacific Coast 2/	6.6	5.9	---	---	---
Coconut oil, edible, tanks, N. Y. 2/	9.1	7.4	7.8	7.4	7.4
Olive oil, edible, bbls. (drums), N. Y.	26.0	25.1	26.9	26.7	26.0
Olive-oil foots, prime, drums, N. Y.	8.9	7.0	8.4	8.3	8.3
Palm oil, crude, casks, (drums) N. Y. 2/	7.1	6.8	8.4	8.2	7.6
Rape oil, refined, bbls., N. Y. 3/	16.5	15.3	18.2	18.2	18.2
Sesame oil, refined, drums, N. Y.	10.4	9.1	11.8	11.6	14.7
Teaseed oil, crude, drums, N. Y.	8.4	8.9	12.5	12.5	12.0
Tallow, inedible, Chicago	5.0	5.1	5.1	5.0	4.6
Grease, A white, Chicago	5.4	5.3	5.1	5.1	4.6
Menhaden oil, crude, tanks, f.o.b. Baltimore	4.9	4.1	4.8	4.7	4.6
Sardine oil, crude, tanks, Pacific Coast	6.2	4.1	5.0	4.9	5.0
Whale oil,refined,bleached winter,drums,N.Y. 4/	9.9	8.2	12.5	12.5	12.5
Linseed oil, raw, tank cars, Minneapolis	9.6	8.6	10.4	10.1	10.3
Linseed oil, raw, carlots, bbls., N. Y.	9.8	8.9	10.8	10.4	10.7
Perilla oil, drums, N. Y. 3/	15.1	14.2	22.7	24.5	25.5
Oiticica oil, drums, N. Y.	11.3	9.8	20.5	20.2	19.8
Tung oil, drums, N. Y.	13.3	15.2	27.6	27.5	27.4
Castor oil, dehydrated, drums, carlots, N. Y.	---	---	17.0	18.1	18.1
Castor oil, No. 3, bbls., N. Y.	9.2	8.9	12.8	12.8	12.8
Cod-liver oil, med. U.S.P.bbls.,N.Y.(dol.per bbl)	27.0	23.8	33.5	33.5	33.5
Cod oil, Newfoundland, bbls., N. Y.	6.8	4.0	9.6	9.6	9.0
Oil-bearing materials:					
Copra, bags, f.o.b. Pacific Coast	2.1	1.8	2.0	1.8	1.7
Cottonseed, Dallas (dol. per ton)	23.8	23.4	30.2	29.6	28.2
Flaxseed, No. 1, Minneapolis (per bu.)	206.0	196.0	218.0	214.0	208.0
Soybeans, No. 2 Yellow, Chicago (per bu.)	98.0	88.0	116.0	106.0	114.0

Compiled from Oil, Paint and Drug Reporter, The National Provisioner, Chicago Daily Trade Bulletin, Minneapolis Daily Market Record, and reports of the Agricultural Marketing Service and Bureau of Labor Statistics. 1/ Preliminary. 2/ Includes excise tax of 3 cents beginning May 10, 1934. 3/ Includes excise tax of 4.5 cents beginning August 21, 1936. 4/ Includes excise tax of 3 cents beginning July 1, 1939.

THE FATS AND OILS SITUATION

Summary

The demand for domestic oilseeds in the 1940-41 marketing season may be slightly stronger than in the present season. Production in 1940, however, probably will be considerably larger than in 1939.

While no great change in the average level of industrial and building activity is now in prospect for 1940-41 compared with 1939-40, certain indications point to some improvement in the demand for oilseeds. The total pig crop in 1940 is expected to be somewhat smaller than in 1939, which probably will result in a reduction in lard output in the hog-marketing year beginning next October, and in some strengthening in the demand for edible oils. The supply of feed grains per animal on farms, moreover, may be slightly smaller in 1940-41 than in 1939-40. A reduction in such supplies would tend to strengthen the demand for oilseed cake and meal, and hence the demand for oilseeds.

According to farmers' intentions, as reported March 1, the acreage to be planted to soybeans grown alone for all purposes may be 18 percent larger in 1940 than in 1939. The most pronounced increases in acreage are indicated for Illinois, Iowa, Ohio, and Indiana, where about 91 percent of the soybeans harvested as beans were gathered last year. With about the usual abandonment, and with average yields, soybean production in 1940 may total 100-110 million bushels compared with 87 million bushels in 1939, and 5 million bushels in 1924, the first year for which production figures are available.

The indicated acreage to be planted to flaxseed is 15 percent larger this year than last, with record large acreages indicated for several States, including Minnesota, California, Iowa, Kansas, and Texas. Flaxseed production in

1940 may total about 23 million bushels compared with 20 million bushels in 1939 and an average of 11 million bushels for the previous 10 years.

The indicated peanut acreage for 1940 is 5 percent smaller than the record acreage planted in 1939. But yields last year were unusually low in several important producing States, and it seems likely, assuming normal weather conditions, that peanut production will be somewhat larger this year than last, though possibly not so large as in 1938, when unusually good yields were obtained in several States.

Prices of flaxseed, cottonseed, peanuts, and soybeans have averaged 3 to 35 percent higher in the current marketing season than a year earlier, and from January through March this year were the highest since 1937. Prices of most fats and oils declined somewhat in March, but with the exception of lard, greases, and beef fats continued to equal or exceed those of early 1939. Exports of lard since the outbreak of war in Europe have totaled only about 10 percent more than in the corresponding period a year ago, despite the relatively large supplies and low prices of lard in this country. Exports of soybeans, on the other hand, totaling about 11 million bushels, have been over 4 times as large as a year earlier.

REVIEW OF RECENT DEVELOPMENTS

Prices of fats and oils develop downward trend

Prices of most fats and oils were steady to lower in March than a month earlier, and in several cases were lower than a year earlier.

The average price of prime steam lard at Chicago, at 5.8 cents per pound, was 5 percent lower in March than in February, and was 11 percent lower than in March 1939. Prices of tallow, greases, oleo oil, and oleostearine also were lower in March than a month and a year earlier. The price of cottonseed oil in March was slightly lower than a month earlier, but was little changed from a year earlier. Butter prices declined slightly, but were 18 percent higher in March this year than last.

Prices of several imported oils, including babassu, olive, palm, and teaseed, declined 2 to 7 percent in March, but continued higher than a year earlier. On the other hand, the price of sesame oil advanced sharply in March.

The rather general tendency for prices of food and soap fats to decline in March apparently was brought about by the recent declines in industrial activity and consumer incomes, weakness in the export demand for edible fats, and the marked increase in lard production this year compared with last. Despite the relatively low prices, consumption and exports of lard so far this year have lagged behind production, with the result that cold storage holdings of lard on April 1, totaling 269 million pounds, were more than double the average holdings for that date and were the largest for all months in 25 years of record.

As exceptions to the general down trend, linseed and soybean oil prices advanced slightly in March, and were considerably higher than in March 1939. Prices of perilla oil also were higher than a month and a year earlier. Although prices of tung and oiticica oils declined slightly in March, they were still at relatively high levels, averaging 80 to 100 percent higher than a year earlier. Strength in demand for paints and varnishes resulting largely from increased residential building activity and automobile production this year compared with last, together with difficulties in securing supplies of tung oil from China, reduced production of perilla oil in Manchuria and Japan, and advances in ocean transportation costs for imported materials since the outbreak of war in Europe, were the factors mainly responsible for the relatively high prices of drying oils. Soybean oil, although used mostly in food products, has been employed to an increasing extent as a drying oil in recent months, and prices of soybean oil apparently have been affected by the relatively high prices prevailing for the faster-drying oils.

Exports of lard increased moderately, soybeans sharply over a year ago

The supply of lard in excess of usual domestic requirements for the 1939-40 season is estimated to be about 600 million pounds, but exports, including shipments to United States territories, for the season to date have run at only a little over half this rate. War in Europe apparently has had an adverse effect on the export demand for American lard, which has been reflected chiefly in reduced takings by the United Kingdom, our principal foreign market. The United Kingdom apparently is endeavoring to conserve dollar exchange by securing necessary fats from countries attached to sterling exchange, through barter arrangements, and from its own rather large production of whale oil.

Exports of lard to the United Kingdom for the period from September 1939 to February 1940 totaled 59 million pounds, 24 percent less than in the corresponding period a year earlier. However, exports to Cuba and nearly all other countries normally taking American lard, except Germany and Poland, showed substantial increases, with the result that total exports to all countries for the 6-month period (not including shipments to United States territories) amounted to 142 million pounds, 11 percent more than a year earlier. Exports to Cuba, our second most important foreign market, have been about 10 percent larger this season than last, while exports to several other countries, including Belgium, Finland, Italy, Netherlands, Sweden, Switzerland, Canada, Mexico, Colombia, Venezuela, and Ecuador, have been 2 to 28 times as large. The relatively large supplies and low prices of lard in the United States have been important factors in stimulating exports, although the dislocation of normal trade relations resulting from the war apparently also has tended to stimulate exports to some countries.

Total exports of soybeans, in contrast to lard, have shown a striking increase during the current marketing season. Such exports amounted to 10.9 million bushels for the 6 months from September through February compared with 2.6 million bushels in the corresponding period a year earlier. The Netherlands has been the principal foreign buyer. Purchases by Canada, mostly for transshipment to Europe, also have been relatively large. Denmark, Norway, and the United Kingdom have purchased some soybeans in this country, but the quantities taken by those countries have not been large. With a record crop of about 87 million bushels produced in this country in 1939 the supply of soybeans available for export has been relatively large. This situation coincided with an ocean-transport cost differential resulting from the war which has placed American soybeans in a favorable position in the European market in competition with Manchurian soybeans.

Exports of soybeans from the United States during the 6-month period beginning September 1939 were equivalent to about 100 million pounds of crude soybean oil and 262,000 short tons of soybean cake and meal. In addition, approximately 9 million pounds of soybean oil in the form of oil and nearly 43,000 tons of cake and meal were exported during this period.

Exports of cottonseed oil also have been larger this season than last, totaling about 14 million pounds (crude basis) for the period from September 1939 through February 1940 compared with 2 million pounds in the corresponding period a year earlier. Canada, Switzerland, Sweden, and the Philippine Islands have been the principal foreign takers. During the past year the United States has changed from a net importing to a net exporting position for cottonseed oil. Imports for the September-February period this season totaled only 8 million pounds (in terms of crude oil) compared with 42 million pounds in the corresponding period of the 1938-39 season.

SPRING OUTLOOK FOR DOMESTIC OILSEEDS

Prices of oilseeds higher this season than last

Prices received by farmers for cottonseed, soybeans, peanuts, and flaxseed have averaged higher so far in the 1939-40 marketing season than a year earlier, and, except for flaxseed, have been the highest since the 1936-37 season. The farm price of flaxseed has averaged 3 percent higher this season than last, prices of cottonseed 4 percent higher, peanuts 6 percent higher, and soybeans 35 percent higher.

Table 2.- Exports of lard, soybeans, and cottonseed oil from the United States by countries of destination, September-February 1938-39 and 1939-40 1/

Country to which exported	Lard including neutral		Soybeans 2/		Cottonseed oil 3/	
	1938-39	1939-40	1938-39	1939-40	1938-39	1939-40
	1,000 lb.	1,000 lb.	1,000 bu.	1,000 bu.	1,000 lb.	1,000 lb.
United Kingdom	77,198	58,831	---	28	7	8
Canada	555	2,555	2,271	3,408	12	4,046
Germany	869	0	---	---	---	---
Poland and Danzig	195	0	---	---	---	---
Belgium	1,216	7,777	8	---	---	440
Denmark	---	---	37	764	---	---
Finland	127	2,772	---	---	---	---
Italy	64	1,570	---	---	---	---
Netherlands	99	561	199	6,622	---	---
Norway	8	52	---	37	---	---
Sweden	180	4,966	---	---	---	1,545
Switzerland	---	987	---	---	---	2,849
Malta, Gozo and Cyprus	788	1,334	---	---	---	---
Cuba	27,354	30,015	---	---	132	424
Dominican Republic	912	771	---	---	---	---
Haiti	395	379	---	---	---	---
Mexico	4,069	8,019	23	---	48	116
Costa Rica	1,216	1,835	---	---	---	---
Panama 4/	956	1,264	---	---	469	656
Colombia	3,916	7,680	---	---	3	612
Venezuela	3,307	6,935	---	---	16	186
Ecuador	452	2,090	---	---	---	---
Philippine Islands	2	4	---	---	1,342	2,058
Other countries	4,195	1,132	98	53	96	719
Total, all countries 5/	128,072	141,529	2,637	10,913	2,125	13,659

Compiled from official records of the Bureau of Foreign and Domestic Commerce. Exports do not include shipments to noncontiguous territories of the United States.

1/ Preliminary.
2/ American soybeans yield 14-16 percent of their weight in crude oil, depending on method of expression, and about 80 percent of their weight in high-protein cake and meal.
3/ Refined and crude. Refined converted to crude basis by dividing by 0.93.
4/ Including Panama Canal Zone.
5/ Total of unrounded numbers.

Table 3.- Unweighted average prices received by farmers for flaxseed, cottonseed, peanuts, and soybeans, marketing year through March, 1936-39

Marketing year	Flaxseed, price per bushel	Cottonseed, price per ton	Peanuts, price per pound	Soybeans, price per bushel
	Dollars	Dollars	Cents	Dollars
1936-37	1.94	34.00	3.8	1.32
1937-38	1.87	21.17	3.3	.87
1938-39	1.62	22.30	3.3	.68
1939-40	1.67	23.15	3.5	.92

Computed from reports of the Agricultural Marketing Service. Periods covered: Flaxseed and cottonseed, July-March; peanuts, September-March; soybeans, October-March.

Part of the disparity in the price gains is due to differences in marketing seasons; prices for flaxseed and cottonseed are averaged for the months July-March, peanuts for September-March, and soybeans for October-March. Prices of all oilseeds were unusually low in July and August 1939, but advanced fairly sharply from September 1939 to January 1940, and have since been maintained at comparatively high levels. In mid-March this year, the average price received by farmers for flaxseed was $1.91 per bushel, 41 percent higher than in August and 16 percent higher than in March last year. The farm price of cottonseed in mid-March, at $26.84 per ton, was 65 percent higher than in August and 17 percent higher than in March a year earlier. And the price of soybeans, at $1.01 per bushel, was up 58 percent from August and 38 percent from March last year. Peanut prices have been relatively more stable than those of other oilseeds, and in mid-March averaged only 6 percent higher than in March and August 1939.

Several factors were responsible for the low prices of oilseeds in July and August 1939. Among these were the comparatively large stocks of edible fats and oils and of foodstuffs on hand, a persistent upward trend in foreign production of oil-bearing materials, prospects for increased domestic production of lard, soybeans, flaxseed, and peanuts in the 1939-40 season, a generally weak domestic demand situation, and weakness in the export demand for lard, which in the past few years has met increasing competition abroad from foreign vegetable oils and from whale oil.

Following the outbreak of war in Europe in September, a number of changes in the price situation occurred, not all of which, however, may be attributed to the war. (1) War-risk insurance and ocean-freight rates were materially increased, with the result that prices for imported materials advanced and the demand for domestic fats, oils, and oilseeds was improved. (2) The higher costs for ocean shipments tended to curtail exports of soybeans from Manchuria to western Europe, placing the American product in a favorable competitive position in that market. (3) Domestic demand for food fats was strengthened by the sharp rise in industrial activity and consumer income that took place during the fall and early winter months. (4) The demand for oilseed cake and meal also was strengthened by the rise in industrial activity, by increases in livestock numbers, and by shortage of range feed resulting from drought in large areas of the Western States. (5) The demand for domestic flaxseed was improved by an increase in building activity and by the marked deterioration of the flaxseed crop in Argentina and of the perilla seed crop in Manchuria, both of which turned out to be unusually small, although fairly large crops had been expected earlier in the season. (6) Domestic peanut production also turned out to be less than had been expected.

Some improvement in demand for domestic oilseeds expected

If the war in Europe is prolonged through the next crop-marketing season, ocean shipping costs probably will continue high, with the result that the demand for domestic fats and oils will be supported, to some extent at least, by the continuation of higher prices for imported oils and oil-bearing materials. American soybeans moreover, may continue to hold their present favorable competitive position in European markets. On the other hand, supplies of edible oils and oil-bearing materials in other surplus-producing countries probably will continue large, and, as a result of the blockade, producers in foreign countries will be forced to seek new markets for materials formerly exported to Germany. No pronounced increase in exports of lard from the United States is in prospect, particularly since the United Kingdom, our principal market, is reported to have large reserve stocks of fats on hand, is actively engaged in whaling operations, and continues to import vegetable oils and oil-bearing materials in fairly large quantities, chiefly from countries attached to sterling exchange.

Aside from the effects of war, prices of domestic oilseeds in the 1940-41 season will be influenced by the trends in industrial and building activities. Industrial activity in this country increased very sharply during the last 4 months of 1939, but has since declined. A reversal of the current downward movement is expected to occur this spring, but there are as yet no signs pointing to a rapid recovery thereafter. There is nothing in the present situation, however, to indicate that the general level of industrial activity, or of building activity, will be greatly different in 1940-41 than in 1939-40.

Although no great change in industrial or building activity seems likely for the forthcoming marketing season, there are certain indications that the domestic demand for oilseeds may be slightly stronger than in the present season. Because of the current high prices for feeds in relation to prices for hogs, hog production in 1940 is expected to be somewhat smaller than in 1939. This probably will result in some reduction in lard output in the hog-marketing season which begins next October, and hence in some strengthening in the demand for cottonseed, soybean, and peanut oils. The supply of feed grains per animal on farms, moreover, is expected to be slightly smaller in 1940-41 than in 1939-40, if farmers' intentions with regard to the planting of corn, oats, barley, and grain sorghums, as reported March 1, are borne out, and if the growing season this year is about average. A reduction in such supplies would tend to strengthen the demand for oilseed cake and meal, and hence the demand for oilseeds.

The demand for domestically produced flaxseed during the current season has been supported to some extent by the unusually poor yields and low production of flaxseed in Argentina and perilla seed in Manchuria in 1939. While there are as yet no definite indications as to the probable foreign production of these oilseeds in 1940, it seems likely that both yields and production will be greater than in 1939. The latest available estimates indicate a yield of only 5.8 bushels of flaxseed per seeded acre in Argentina for 1939 compared with 9.2 bushels, the average for the preceding 5 years. The acreage seeded in Argentina in 1939 was larger than average, but production totaled only about 44 million bushels compared with a 1934-38 average of 66 million bushels. The yield of perilla seed per harvested acre in Manchuria for 1939 is reported at 472 pounds compared with a 5-year average of 703 pounds per acre. Production of perilla seed in Manchuria in 1939 totaled about 160 million pounds compared with an average of 266 million pounds for the preceding 5 years, according to latest official reports.

Increased production of soybeans and flaxseed indicated

On the basis of intended plantings reported by farmers to the Agricultural Marketing Service about March 1, further marked increases in the production of soybeans and flaxseed are likely to take place in the United States this year, assuming about normal weather conditions. Peanut production also may be increased, even though the intended acreage is smaller than the record acreage planted last year, when adverse weather late in the growing season resulted in unusually low crop yields in certain States.

Domestic soybean production increased from 5 million bushels in 1924 to 13 million bushels in 1933. Since 1933, the rate of increase has been greatly accelerated. Approximately 87 million bushels were produced in 1939. If present indications of planting are borne out, and if yields are about average, soybean production may total 100-110 million bushels this year.

According to the March 1 reports, the acreage of soybeans to be grown alone for all purposes will total about 10,610,000 acres compared with 9,023,000 acres planted last year. This represents an increase of 1,587,000 acres, or about 18 percent. The most pronounced increases in acreage are indicated for Illinois, Iowa, Ohio, and Indiana, where about 91 percent of the soybeans harvested as beans were gathered last year. Indications are that acreage will be increased moderately in certain other States, notably Wisconsin, Michigan, Missouri, Minnesota, Kentucky, Pennsylvania, North Carolina, and Kansas. On the other hand, minor decreases in soybean acreage are indicated for several of the Southern States.

Domestic production of flaxseed in 1939, totaling 20,330,000 bushels, was approximately 150 percent greater than in 1938 and was the largest since 1930. The indicated acreage to be planted in 1940 is 15 percent larger than in 1939. With the usual abandonment, and with yields about equal to the average for the past two seasons, flaxseed production this year would total somewhere in the vicinity of 23 million bushels, which would be the largest since 1927.

The most marked increases in the indicated acreage to be planted to flaxseed this year are for Minnesota and South Dakota, with more moderate increases indicated for Texas, Iowa, Kansas, California, and North Dakota.

Decreases in flaxseed acreage are indicated for Montana, Idaho, and Washington. If the March 1 intentions are borne out, the acreage planted to flaxseed this year in several States, including Minnesota, California, Iowa, Kansas, and Texas, will be the largest in 22 years of record.

With normal yields, peanut production in 1940 should be somewhat larger than the 1,180 million-pound crop of 1939, although possibly not so large as the 1938 record crop of 1,306 million pounds. Reports by farmers indicate that about 2,296,000 acres of peanuts may be planted alone for all purposes this year, which would be 5 percent less than the acreage planted a year ago. Largely as a result of excessive moisture late in the growing season last year, yields were unusually low in several of the Southeastern peanut-producing States, including Georgia, Florida, Alabama, and Mississippi. Dry weather in Louisiana, Oklahoma, and Texas also resulted in poor yields in those States. Yields in Virginia and North Carolina, however, 2 important producing States, were unusually high. Peanut yields vary widely from season to season, chiefly as a result of changes in weather conditions. Hence any indication of the probable output for 1940 at this time is subject to a rather wide margin of error.

No reliable indication of the production of cottonseed for 1940 is now available. Such production will depend on the quantity of cotton produced this year. The first official report on cotton acreage in cultivation will be released by the Crop Reporting Board on July 8.

FACTORY CONSUMPTION OF FATS AND OILS BY CLASSES OF PRODUCTS, 1938 AND 1939

Data for 1938 and 1939 on factory consumption of fats and oils by classes of products, as reported by the Bureau of the Census,[1] together with the estimated total apparent disappearance,[2] are given in this report in continuation of similar statistics, beginning 1931, published in the April 1939 issue of The Fats and Oils Situation. Significant changes in consumption during 1939 were as follows:

Factory consumption of cottonseed oil in 1939 was smaller than in 1938 for all classes of products except salad and cooking oils. Total factory consumption in 1939 was down about 15 percent from the near-record consumption in 1938. Decreased domestic supplies were mainly responsible for the reductions.

Total lard consumption in 1939 amounted to about 1,660 million pounds, 15 percent more than in 1938. The use of lard in manufactured products usually represents less than 1 percent of total consumption. Factory consumption of lard in 1939 amounted to 15,253,000 pounds, 99 percent of which was used in food products. Although practically insignificant in relation to the factory total, some 50,000 pounds of lard were reported as being used in soap in 1939. This figure compares with 1,000 pounds in 1938, 9,000 pounds in 1936, 1,000 pounds in 1935, and 24,000 pounds in 1934, the first year for which the use of lard in soap was reported.

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[1] Factory Consumption of Fats and Oils by Classes of Products for 1939, preliminary report (1 page, multilithed), Washington, March 19, 1940. See also, Animal Fats and Vegetable Oils, annual report, usually issued in May by the Bureau of the Census.

[2] Cf. The Fats and Oils Situation, February 15, 1940.

Factory consumption of oleo oil, oleostearine, and edible tallow in food products was reduced somewhat in 1939.

Factory consumption of soybean oil, totaling 370 million pounds, was about 55 percent larger than in 1938, and was by far the largest on record. Increased use of soybean oil was reported for all classes of products in 1939, with the major use in food products.

The consumption of coconut oil in food products showed a marked decline in 1939, although its use in soap increased. Approximately 73 per-cent of the total factory consumption of coconut oil in 1939 was in the manufacture of soap, compared with 62 percent of the total in 1938.

Babassu oil, previously used largely in food products, in 1939 found its major outlet in soap. With its quick-lathering properties, babassu oil competes directly with coconut oil and palm-kernel oil for this use. The consumption of babassu oil in soap increased from 8 million pounds in 1938 to 38 million pounds in 1939. This increase slightly more than offset reduced utilization of palm-kernel oil in soap.

The use of palm-kernel oil was sharply reduced for all classes of products in 1939, with the most pronounced reduction occurring in soap. Factory consumption of palm-kernel oil, totaling 11 million pounds, was 80 percent less in 1939 than in 1938, and was the smallest in many years.

Although total consumption of edible olive oil was reduced somewhat in 1939, consumption of inedible olive oil, and olive-oil foots, chiefly in soap, was increased.

The consumption of fish oils in 1939 was increased for practically all classes of products, with the most marked gains occurring in utilization in soap and the drying industries.

The consumption of inedible tallow and greases in the manufacture of soap was increased in 1939.

The consumption of linseed oil, perilla oil, oiticica oil (not separately reported), and tung oil, chiefly in paints, varnishes, and linoleum, was increased in 1939, mainly in response to improved demand conditions.

The consumption of castor oil in paints and varnishes in 1939 was nearly double that of 1938. Castor oil, when dehydrated, possesses drying characteristics similar in many respects to those of oiticica oil and tung oil. The use of castor oil in miscellaneous industrial products also increased sharply in 1939.

The major shifts in utilization of fats in the United States during 1939 appear to have been: (1) An increased use of lard and soybean oil in food products, which was largely offset, however, by a reduction in the use of cottonseed oil and of certain imported oils for such purposes; (2) a marked expansion in the use of both domestic and imported fats and oils (except palm-kernel oil) in soap; and (3) an increased use of oils for drying purposes. The tendency for lard and soybean oil to displace imported oils in food uses resulted chiefly from the relatively large domestic supplies and low prices of lard and soybean oil, together with rising prices for imported materials brought about by the increase in ocean shipping costs which followed the outbreak of war in Europe. Improvement in industrial and building activities in 1939 compared with 1938 was largely responsible for the increased consumption of fats and oils in soap and for drying purposes.

Table 4.- Factory consumption of specified fats and oils, by classes of products, and total disappearance, United States, 1938 and 1939

Products manufactured	Babassu oil		Castor oil		Coconut oil		Corn oil	
	1938	1939 1/	1938	1939 1/	1938	1939 1/	1938	1939 1/
	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.
Compounds and vegetable cooking fats	950	506	---	---	26,199	20,659	399	1,453
Oleomargarine	11,545	13,944	---	---	89,521	38,516	566	489
Other edible products	8,969	8,459	---	---	61,493	43,931	57,104	65,384
Soap	8,289	37,633	1,810	946	342,982	388,912	2,514	4,441
Paint and varnish	---	---	5,283	11,439	422	707	118	155
Linoleum and oilcloth	---	---	1,313	88	---	---	---	---
Printing inks	---	---	200	317	2	3	---	---
Miscellaneous	---	6	19,554	28,277	3,572	3,852	3,345	1,586
Loss, including oil in: foots	2,715	2,645	---	23	30,826	32,574	8,724	10,559
Total factory consumption	32,468	63,193	28,160	41,090	555,017	529,154	72,770	84,067
Total apparent disappearance, crude basis	30,961	67,567	53,155	79,069	604,726	609,575	149,351	157,127

Products manufactured	Cottonseed oil		Fish oils		Marine mammal oil		Inedible tallow and greases 2/	
	1938	1939 1/	1938	1939 1/	1938	1939 1/	1938	1939 1/
Compounds and vegetable cooking fats	1,051,347	904,950	16,529	20,321	48	12	---	---
Oleomargarine	142,857	98,657	---	---	---	---	---	---
Other edible products	198,155	233,442	---	---	---	---	---	---
Soap	2,883	1,061	79,874	114,961	66,080	51,522	798,623	905,897
Paint and varnish	184	51	15,679	24,931	28	36	261	144
Linoleum and oilcloth	---	---	13,848	17,385	---	---	1	2
Printing inks	168	192	254	204	5	4	424	453
Miscellaneous	2,971	2,017	26,235	40,622	4,467	7,002	146,520	177,833
Loss, including oil in: foots	141,425	80,820	987	3,532	36	74	979	681
Total factory consumption	1,539,990	1,321,190	153,406	222,006	70,664	58,650	946,808	1,085,010
Total apparent disappearance, crude basis	1,658,406	1,415,334	146,462	186,098	89,162	83,997	3/946,808	3/1,085,010

Continued -

Table 4.-Factory consumption of specified fats and oils, by classes of products, and total disappearance, United States, 1938 and 1939 Cont'd

Products manufactured	Lard		Linseed oil		Neat's-foot oil		Oleo oil	
	1938	1939 1/	1938	1939 1/	1938	1939 1/	1938	1939 1/
	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.
Compounds and vegetable cooking fats	2,825	7,398	6	---	---	---	291	470
Oleomargarine	1,464	1,355	---	---	---	---	13,411	11,865
Other edible products	5,518	6,317	---	---	---	---	40	147
Soap	1	50	1,455	1,780	20	11	119	67
Paint and varnish	---	---	216,568	246,965	9	24	2	---
Linoleum and oilcloth	---	---	55,395	68,023	---	---	---	---
Printing inks	2	2	16,804	17,526	2	4	---	---
Miscellaneous	20	28	8,253	10,564	4,726	5,622	323	362
Loss, including oil in foots	95	103	---	117	---	17	49	---
Total factory consumption	9,925	15,253	298,481	344,975	4,757	5,678	14,235	12,911
Total apparent disappearance, crude basis	1,446,690	1,659,396	489,527	561,151	3,803	4,064	83,383	69,797
	Oleostearine		Olive oil, edible		Olive oil, inedible and foots		Palm oil	
	1938	1939 1/	1938	1939 1/	1938	1939 1/	1938	1939 1/
Compounds and vegetable cooking fats	32,845	25,574	---	---	---	---	115,033	113,078
Oleomargarine	3,278	3,069	---	---	---	---	---	1
Other edible products	5,074	3,142	2,850	3,798	---	---	444	1,352
Soap	240	278	31	54	16,312	20,507	91,642	102,146
Paint and varnish	---	---	---	---	6	14	1	1
Linoleum and oilcloth	---	---	---	---	---	---	---	---
Printing inks	---	2	---	---	---	---	9	5
Miscellaneous	144	160	109	131	3,308	4,363	4/ 19,905	4/ 29,681
Loss, including oil in foots	35	60	---	---	---	---	26,116	24,782
Total factory consumption	41,616	32,285	2,990	3,983	19,626	24,884	253,150	271,046
Total apparent disappearance, crude basis	47,135	37,598	73,346	66,142	24,765	35,026	262,439	316,959

Continued -

Table 4.-Factory consumption of specified fats and oils, by classes of products, and total disappearance, United States, 1938 and 1939 Cont'd

Products manufactured	Palm-kernel oil		Peanut oil		Perilla oil		Rape oil	
	1938	1939 1/	1938	1939 1/	1938	1939 1/	1938	1939 1/
Compounds and vegetable	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.
cooking fats	614	266	52,402	51,713	---	---	297	37
Oleomargarine	4,746	473	3,593	2,445	---	---	---	---
Other edible products .	13,118	5,292	1,920	8,678	---	---	---	---
Soap	29,498	3,657	545	805	---	1	55	2
Paint and varnish	---	---	---	---	23,528	28,674	131	79
Linoleum and oilcloth .	---	---	---	---	6,952	10,758	2	---
Printing inks	---	---	---	---	1,762	1,915	1	---
Miscellaneous	40	36	32	161	407	1,198	4,831	6,459
Loss, including oil in foots	3,946	830	3,969	3,291	---	---	---	---
Total factory consumption	51,962	10,554	62,461	67,093	32,649	42,546	5,317	6,577
Total apparent disappearance, crude basis	48,920	12,199	90,846	82,326	41,894	52,137	8,003	5,679
	Sesame oil		Soybean oil		Tallow, edible		Tung oil	
Compounds and vegetable	1938	1939 1/	1938	1939 1/	1938	1939 1/	1938	1939 1/
cooking fats	5,435	724	137,133	201,599	74,251	56,671	---	---
Oleomargarine	---	---	39,885	70,822	---	69	---	---
Other edible products .	1,573	1,102	11,280	32,345	2,992	3,483	---	---
Soap	302	14	10,897	11,177	332	418	---	---
Paint and varnish	---	---	15,183	21,720	---	---	78,310	82,307
Linoleum and oilcloth .	---	---	3,605	6,438	---	---	4,131	3,763
Printing inks	---	---	59	62	2	1	2,084	2,105
Miscellaneous	24	290	5,340	9,332	557	1,445	2,890	2,545
Loss, including oil in foots	234	136	14,046	16,265	186	159	---	---
Total factory consumption	7,568	2,266	237,428	369,760	78,320	62,246	87,415	90,720
Total apparent disappearance, crude basis	15,387	9,065	305,395	446,925	94,680	93,051	94,923	109,436

Factory consumption compiled from reports of the Bureau of the Census. Total apparent disappearance computed from data on production and stocks (Bureau of the Census, except for lard, production from Bureau of Agricultural Economics; stocks, Agricultural Marketing Service) and foreign trade (Bureau of Foreign and Domestic Commerce). Data for earlier years beginning 1931 are given in "The Fats and Oils Situation" for April 1939.

1/ Preliminary. 2/ Includes 4,516,000 pounds of wool grease in 1938; 5,591,000 pounds in 1939.
3/ Revised. 4/ Includes 18,365,000 pounds of oil used in the tin and terne plate industry in 1938; 29,130,000 pounds in 1939.

Table 5.- Oleomargarine: Production and materials used in manufacture, United States, February 1938 and 1939, December-February 1939-40

Item	Feb.		1939-40 1/		
	1938	1939	Dec.	Jan.	Feb.
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Production:					
Colored	142	127	148	150	169
Uncolored	36,066	27,568	25,439	29,204	29,309
Total 2/	36,208	27,695	25,587	29,354	29,477
Materials used:					
Oleo oil	911	1,289	876	1,144	1,337
Oleostearine	248	228	236	265	261
Lard, neutral	146	115	206	241	333
Oleo stock	72	132	79	120	105
Total animal	1,377	1,764	1,397	1,770	2,036
Cottonseed oil	16,792	9,412	8,779	10,077	10,200
Soybean oil	2,756	4,395	7,575	8,973	8,657
Peanut oil	318	194	194	166	153
Corn oil	41	62	54	84	89
Vegetable gum	---	---	---	---	1
Total domestic vegetable	19,907	14,063	16,602	19,300	19,100
Coconut oil	6,431	5,295	1,972	2,051	1,841
Babassu oil	1,099	1,168	659	692	770
Palm-kernel oil	528	44	---	---	---
Total foreign vegetable	8,058	6,507	2,631	2,743	2,611
Total fats and oils	29,342	22,334	20,630	23,813	23,747
Milk	6,949	5,422	4,988	5,696	5,761
Salt and other miscellaneous	1,644	1,256	1,137	1,307	1,332

Compiled from Bureau of Internal Revenue records and Internal Revenue Bulletin.

1/ Preliminary.
2/ Total of unrounded numbers.